

LABATON SUCHAROW LLP

Thomas A. Dubbs
Carol C. Villegas
Jeffrey A. Dubbin (SBN 287199)
140 Broadway
New York, New York 10005

LOWENSTEIN SANDLER LLP

Michael S. Etkin (*pro hac vice*)
Andrew Behlmann (*pro hac vice*)
Scott Cargill
Nicole Fulfree
Colleen Maker
One Lowenstein Drive
Roseland, New Jersey 07068

Lead Counsel to Lead Plaintiff and the Class

*Bankruptcy Counsel to Lead Plaintiff
and the Class*

MICHELSON LAW GROUP

Randy Michelson (SBN 114095)
220 Montgomery Street, Suite 2100
San Francisco, California 94104

*Bankruptcy Counsel to Lead Plaintiff
and the Class*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC
COMPANY,

Debtors.

- ☒ Affects Both Debtors
☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company

Case No. 19-30088 (DM) (Lead Case)

Chapter 11

(Jointly Administered)

**DECLARATION OF ADAM D. WALTER OF
A.B. DATA, LTD. REGARDING STANDARD
PROCEDURES AND METHODS UTILIZED
IN SECURITIES CLASS ACTION NOTICE
PROGRAMS**

Date: January 29, 2020
Time: 10:00 a.m. (Pacific Time)
Before: Hon. Dennis Montali
United States Bankruptcy Court
Courtroom 17, 16th Floor
450 Golden Gate Avenue
San Francisco, California 94102

1 Adam D. Walter, hereby declares as follows, pursuant to 28 U.S.C. § 1746:

2 1. I am a Senior Project Manager of A.B. Data, Ltd.'s Class Action Administration
3 Division ("**A.B. Data**"), whose Corporate Office is located in Milwaukee, Wisconsin. At the
4 request of Lead Counsel to Lead Plaintiff and the proposed Class in *In re PG&E Corporation*
5 *Securities Litigation*, Case No. 18-03509 (N.D. Cal.) ("**Securities Litigation**"), I am providing
6 this declaration to give the Court and the parties to this proceeding information about the
7 standard procedures and methods that are available to timely and efficiently provide actual notice
8 to members of a proposed class in this proceeding who have securities claims against the
9 Debtors. I make this declaration based on personal knowledge and, if called to testify, I could
10 and would do so competently.

11 2. A.B. Data has been a court-appointed administrator and has successfully
12 implemented notification and claims administration programs in hundreds of class actions.
13 Members of our team have administered many of the most noteworthy securities class action
14 settlements in recent years, including *In re AIG Securities Litigation*, No. 04 Civ. 8141
15 (S.D.N.Y.); *In re Countrywide Financial Corp. Securities Litigation*, No. 07 Civ. 05295 (C.D.
16 Cal.); *In re Fannie Mae 2008 Securities Litigation*, No. 08 Civ. 7831 (S.D.N.Y.); *In re General*
17 *Electric Co. Securities Litigation*, No. 09 Civ. 1951 (S.D.N.Y.); and *In re Facebook, Inc., IPO*
18 *Securities & Derivative Litigation*, MDL No. 12-2389 (S.D.N.Y.).

19 3. I have personally overseen the administration of more than 75 securities class
20 action settlements. Several of those settlements involved issuers that were in bankruptcy, and
21 A.B. Data recently provided notice of a settlement to class members in connection with a
22 bankruptcy proceeding. More information on A.B. Data's qualifications and experience can be
23 found on our website at www.abdataclassaction.com. A detailed description of A.B. Data's
24 background and capabilities, including lists of representative cases and clients, is attached as
25 Exhibit A.

26 4. I have read the *Declaration of Christina Pullo (I) Regarding Implementation of*
27 *the Debtors' Notice Procedures and (II) in Support of the Debtors' Objection to Securities Lead*
28

1 *Plaintiff's Motion to Apply Bankruptcy Rule 7023 to Proof of Claim*, dated January 13, 2020 (the
2 **"Pullo Declaration"**) (Dkt No. 5370).

3 5. My understanding is that the proposed Class in the Securities Litigation, as well
4 as the proposed class in this bankruptcy proceeding, consists of all persons and entities that
5 purchased or otherwise acquired PG&E securities during the period from April 29, 2015 through
6 November 15, 2018, inclusive (the **"Class Period"**), and were allegedly damaged thereby.
7 Certain persons and entities are excluded from the Class by definition.

8 6. I believe, based on my extensive class action administration experience, that each
9 of the methods and procedures discussed below could have been used successfully and
10 efficiently to provide direct and actual notice of the bankruptcy claims bar date in the PG&E
11 Chapter 11 cases to members of the proposed Class.

12 **Standard Procedures Relating to Noticing Beneficial Owners of Securities**

13 7. Over the years, class action administrators have developed certain customary and
14 well-tested procedures that have been regularly approved by courts and are designed to provide
15 actual and direct notification to all investors that are members of a proposed class of securities
16 purchasers and who can be identified with reasonable effort.

17 8. In securities class actions, the vast majority of members of a proposed class are
18 beneficial purchasers whose securities were purchased in "street name." That is, the securities
19 are purchased by brokerage firms, banks, institutions, and other third-party nominees in the name
20 of the nominees, on behalf of the beneficial purchasers. The names and contact information for
21 investors holding in "street name" is considered confidential by the nominees.

22 9. A necessary first step in the class action notice process is to obtain an order from
23 a court with jurisdiction, directing, among other things, nominees, under penalty of contempt, to
24 provide a claims administrator, such as A.B. Data, specific names and addresses of the relevant
25 investors so they can be contacted. Sometimes the nominees will undertake compliance with the
26 court direction by sending out the relevant notice to their customers holding in "street name,"
27 together with any material provided to them by the claims administrator. Often such orders are
28 requested as part of the approval process of any notice program overseen by the Court. Once

1 nominees receive such an order, confidentiality concerns are satisfied and actual, traceable,
2 notice by mail becomes relatively simple. Likewise, with an appropriate court order, nominees
3 will send notice material provided to them to their customers in a timely fashion. Based on my
4 review of the materials cited above, no such order was sought, and actual notice to the vast
5 majority of Class shareholders holding in “street name” was not achieved, nor was a court order
6 obtained that would alleviate a nominee’s confidentiality obligations and concerns so that actual
7 notice could be sent directly by an agent it contracted with to its customers.

8 10. In addition, in order to provide actual notice to class investors holding in “street
9 name” via nominees, A.B. Data, like other class action administrators, maintains a proprietary
10 database with names and mailing addresses, and in some instances email addresses, of
11 approximately 4,000 banks, brokers, and other nominees that have been active in class action
12 administrations (the “**Nominee List**”). Broadridge Financial Solutions (“**Broadridge**”), the so-
13 called “mailing agent” identified in the Pullo Declaration is on the Nominee List.¹

14 **Standard Procedures Relating to Noticing Record Owners of Securities**

15 11. In tandem with identifying beneficial owners of securities through nominees, a
16 class action administrator will obtain the relevant issuer’s list of registered record owners from
17 its transfer agent (“**Transfer List**”).² The Transfer List provides name and address information
18 for each directly registered record owner of the issuer’s debt and equity securities – typically a
19 very small percentage of actual beneficial owners of a security.

20 12. The compiling of lists of registered holders from information provided by
21 Transfer Agents permits actual notice to come from a claims administrator for this small group,

22
23 ¹ To the extent Broadridge notified other nominees of the bankruptcy notice, there was no
24 assurance, absent a court order, that the nominees would either transmit the notice to their
25 customers who held in “street name”, that they would give name and contact information to
26 the Debtors or their agents, who could then send notice, or that notice was in fact transmitted.
27 ² As explained by the U.S. Securities and Exchange Commission, transfer agents perform three
28 main functions: (1) “issue and cancel certificates to reflect changes in ownership”; (2) “act as
an intermediary for the company”; and (3) “handle lost, destroyed, or stolen certificates.”
See <https://www.sec.gov/fast-answers/answerstransferagenthtm.html>. As an intermediary,
transfer agents regularly “act as proxy agent (sending out proxy materials), exchange agent
(exchanging a company’s stock or bonds in a merger), tender agent (tendering shares in a
tender offer), and mailing agent (mailing the company’s quarterly, annual, and other
reports).” *Id.*

1 rather than from a nominee, and is not subject to nominee confidentiality concerns over
2 securities held in “street name” attributable to individual, identifiable accounts.

3 13. Transfer agents compile Transfer Lists using search parameters provided to them
4 by the issuer, counsel, or the administrator. Our standard practice in securities class actions is to
5 request record owner data for the entirety of a class period, which is readily provided to us by
6 transfer agents. This is preferable to obtaining data on only one date (which is all the Pullo
7 Declaration indicates that Prime Clerk did), as class members who sold or bought before or after
8 each search date might not be captured by a limited search.

9 **Standard Methods and Procedures for Providing Actual Notice to**
10 **Beneficial and Record Owners of Publicly Traded Securities**

11 14. As described above, and similar to the noticing procedures that I understand are
12 used in Chapter 11 cases, a court overseeing a securities class action will enter an order, *inter*
13 *alia*, approving the forms of notice to be provided to the class, setting a schedule for the mailing
14 of notice, and setting a schedule governing nominees’ actions in furtherance of notice (the
15 “**Notice Order**”). Notice Orders are an important tool for directing nominees to act in response
16 to a notification from a class action administrator.

17 15. Once a Notice Order is entered, A.B. Data will then mail the approved notice to
18 its Nominee List and the Transfer List within the required time period (the “**Notice Date**”).

19 16. In addition, pursuant to the governing provisions set forth in a Notice Order, class
20 notices, and often transmittal emails or letters accompanying class notices, typically instruct
21 nominees to either (1) provide the names and addresses of their clients who may have purchased
22 the relevant security during the Class Period, *i.e.*, class members, to the administrator within a
23 short period of time (typically seven to fourteen calendar days)³ or (2) request copies of the
24 court-approved notice for forwarding to their clients who may have purchased during the class
25 period, again within a short period of time (typically seven to ten calendar days). Outreach to
26 nominees that do not respond to initial requests to facilitate notice is also conducted by class
27 action administrators.

28 ³ The provision of name and address data to an administrator is preferable, so that we can
ensure that (i) notices are actually mailed to a nominee’s clients and (ii) track their delivery.

1 17. As information is received from nominees and other sources, A.B. Data then
2 either mails a notice directly to an identified beneficial owner or mails “bulk” notice packets to
3 nominees that desire to mail to their customers.

4 18. I note that the Pullo Declaration states, “Throughout the noticing process, the
5 names and addresses of the beneficial holders remain unknown to the Debtors” and that “Debtors
6 have no ability to ensure that these notices are actually delivered to these unknown holders as it
7 must rely on the Nominees and other mailing agents to accurately send the materials to their
8 customers.” *See* Pullo Declaration, ¶6, ¶14. My understanding is that the Debtors argue that
9 they never actually knew the names of investors that held in “street name,” however through the
10 Pullo Declaration, they contend their agent Broadridge knew or could have known such
11 information. As set forth above, mechanisms exist to assure that actual notice was actually given
12 to an actually known set of creditors. The fact that the Debtors do not know the same
13 information about the shareholders as is known by the nominees about their customers is not
14 relevant to the provision of notice. (At this point, an issuer is not involved and any issues are
15 handled by the claims administrator and the nominee or the claims administrator and the
16 shareholder who has received actual notice.) It my experience, once nominees are aware of a
17 court’s order to participate in a notice program to provide actual notice to their customers, a very
18 high level of compliance occurs, pursuant to the practices developed over many years.

19 19. All name and address data obtained by A.B. Data is reviewed to identify and
20 eliminate exact duplicates and incomplete data prior to mailing. Addresses are checked against
21 the United States Postal Service’s National Change of Address database to identify address
22 changes and obtain current mailing addresses where available.

23 20. Each notice that is returned as undeliverable mail is reviewed to determine if an
24 alternative or updated address is available from the Postal Service and, if such an address is
25 available, is re-mailed to the updated or alternative address. In any instance where no such
26 address is available from the Postal Service, A.B. Data attempts to obtain updated or alternative
27 address information from private databases and then re-mails the notice if such information is
28 available.

21. Overall, the above-described notice procedure is typically conducted in a securities class action over a period of 30 to 60 calendar days.

The Content of the Notice of the Bar Date

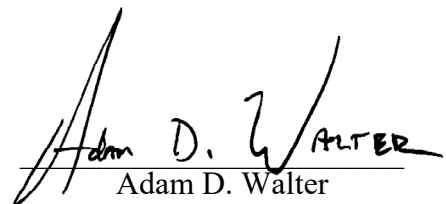
22. My understanding is that the Debtors' position is that notice of the Bar Date is sufficient notice to a shareholder of his, her or its membership in a class with potential securities claims against the Debtors. However, without a class definition being in any such notice, it is unclear how the investor would know he, she or it is a member of the Class or not. Without such knowledge, based on my experience, information about the Bar Date would have no context for a recipient of the notice.

Conclusion

23. In my experience, the reasonable and customary procedures outlined here have proven highly effective at compiling lists of potential class members for purposes of providing actual direct notice to class members in hundreds of cases, in a timely manner and at reasonable cost. Substantially similar notice plans have been approved by numerous courts as being the best notice practicable under the circumstances. The PG&E debtors could have used this same approach to provide timely, actual notice of the bankruptcy claims bar date in their Chapter 11 cases to Class members in the Securities Litigation.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 22nd day of January, 2020


Adam D. Walter